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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

PITTRA G.B. INTERNATIONAL, INC.

Debtor.

Case No: 06-10889 (MS)

Chapter 7

BENJAMIN A. STANZIALE, JR.,
CHAPTER 7 TRUSTEE FOR PITTRA
G.B. INTERNATIONAL, INC.

Plaintiff,

vs.

ARTHUR KUPPERMAN, PAULETTE
KRELMAN, E. ROSS BROWNE, SR.,
ESCROW AND CLOSING SERVICES,
LTD., PGB INTERNATIONAL, LLC.,
AND WACHOVIA BANK, N.A.

Defendants.

Adv. Proceeding No: 06-2702 (MS)

DECLARATION OF AARON VAGELATOS

AARON VAGELATOS, of full age, pursuant to 28 U.S.C. §1746, declares as follows:

1. I presently am a Vice President and Senior Credit Underwriter at Merrill Lynch Business Financial Services Inc. ("MLBFS").

2. I started at MLBFS in September of 2003, after having work at several other financial institutions. Shortly after my arrival at MLBFS, I took over the relationship responsibility for the account of PITTRA G.B. International, Inc. ("PITTRA").

3. I understand that attorneys for Arthur Kupperman and/or PITTRA have suggested to MLBFS' attorney and the Trustee's attorneys that the PITTRA line of credit was terminated in the Spring of 2004 and the relationship assumed by PGB International, LLC.

4. As summarized in the paragraphs below, that suggestion is inconsistent with the business records of MLBFS and the facts as I remember them.

5. In or about the beginning of March 2004, Mr. Kupperman contacted me and proposed converting the company from a corporation to a limited liability company named PGB International, LLC ("PGB"). On March 8, 2004, he sent a letter to me on behalf of PITTRA stating:

Enclosed you will find the original closing documents which were drafted for the Mitsui deal and will now be used for our conversion from PITTRA to PGB.

We did all of the paperwork, but never actually transferred anything from one company to the other.

I will prepare a balance sheet as of February 29, 2004 and send this to you within the next day.

A copy of Mr. Kupperman's March 8, 2004 letter is annexed hereto as Exhibit "A."

6. At that point in time, MLBFS was willing to accommodate the proposed conversion from corporate to limited liability company form. Accordingly, we prepared

and forwarded to PGB a commitment letter, subject to the conditions described therein, pursuant to which WCMA Loan And Security Agreement ("WCMA") No. 871-07F72 with PITTRA would be terminated and a new WCMA (No. 871-07H81) would be entered into with PGB.

7. We received the commitment back signed by Mr. Kupperman, for himself and PGB, acknowledged by E. Ross Browne. We also received back signed loan documents and guaranties, including a guaranty by PITTRA of the proposed obligations of PGB. However, the transaction was never consummated.

8. At first there were a series of delays. For example, signatures needed to be corrected, MLBFS wanted to review the PGB Operating Agreement and the Asset Purchase Agreement between PGB and PITTRA, the Landlord Subordination had not been returned by PGB, an Insurance Certificate was needed, and a loan to PGB by Peapack-Gladstone Bank had to be repaid so that the related UCC Financing Statement could be discharged, etc. Annexed hereto as Exhibit "B" is a chain of emails on April 14 and 15, 2004 regarding some of the deficient items

9. On April 16, 2004, Mr. Kupperman emailed me that he was waiting for \$375,000 from Russia to be used to pay off the Peapack-Gladstone loan. A copy of Mr. Kupperman's email is annexed hereto as Exhibit "C". On the same date, Jennifer Corken in MLBFS' Documentation Unit sent Mr. Kupperman a letter for Peapack-Gladstone to execute so that we could terminate its UCC Financing Statement. Ms. Corken's email to Mr. Kupperman and his response are annexed hereto as Exhibit "D".

10. On May 7, 2004, Mr. Kupperman emailed me that PGB had received only

"partial payment" of the money from Russia and that the rest would come by "Tuesday at the latest." A copy of Mr. Kupperman's email is annexed hereto as Exhibit "E".

11. Shortly thereafter, Mr. Kupperman advised MLBFS that he had abandoned the proposed restructure plan and that he wanted to keep (and increase the amount of) the PITTRA financing. He explained that PGB was going to enter into a joint venture with the Russian company, which would be "separate and apart from our regular business" and which would have "no impact on PITTRA." A copy of his related May 13, 2004 email is annexed hereto as Exhibit "F".

12. In a series of further communications in May of 2004, Mr. Kupperman informed MLBFS, among other things, that "there will be no commingling between PITTRA and PGB," that "the deal with the Russian company really adds to our strength as PITTRA", and that "it can only be favorable for PITTRA." Copies of some of Mr. Kupperman's emails to me during this period are annexed hereto as Exhibit "G."

13. As a result, the proposed PGB financing did not go forward, and, at Mr. Kupperman's request, by commitment letter dated May 28, 2004, which Mr. Kupperman countersigned, MLBFS agreed to increase and extend PITTRA's financing, including its existing WCMA credit line (No. 871-07F72). A copy of the May 28, 2004 letter is annexed hereto as Exhibit "H".

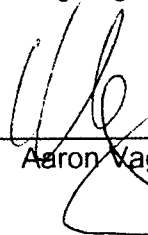
14. The May 28, 2004 loan documents included a Secretary's Certificate executed by the officers of PITTRA (Kupperman, E. Ross Browne, and Paulette Krelman), Guaranties, etc. A copy of the Secretary's Certificate is annexed hereto as Exhibit "I".

15. As reflected in the business records of MLBFS, throughout the remainder

of 2004, all of 2005, and the first half of 2006, Mr. Kupperman continued to provide receivables aging reports, financial statements, and other documents on behalf of (and in the name of) PITTRA and relating to PITTRA WCMA No. 871-07F72 and the accompanying PITTRA Term Loan.

16. In addition, as reflected in the business records of MLBFS, PITTRA entered into further agreements with MLBFS, including a PITTRA WCMA July 7, 2005 Amendment, which Mr. Kupperman signed on PITTRA's behalf, and which he, Mr. Browne, and Ms. Krelman "approved." A copy of the July 7, 2005 Amendment is annexed hereto as Exhibit "J".

I declare under the penalty of perjury that the foregoing is true and correct.



Aaron Vagelatos

Dated: September 28, 2006